



City of Seattle

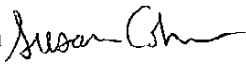
Office of City Auditor

Susan Cohen, City Auditor

DATE: May 10, 2000

TO: Marty Blucwater, Manager, Administrative Services, Woodland Park Zoo
Sarah Welch, Finance Director, Parks and Recreation Department

CC: Mayor Paul Schell
City Councilmembers
Ken Bounds, Superintendent, Parks and Recreation Department

FROM: Susan Cohen 

SUBJECT: Review of Woodland Park Zoo's Cash Handling Procedures

This memo documents and completes our work regarding the Woodland Park Zoo's (Zoo) cash handling procedures. In accordance with our standard procedures, we will revisit the Zoo in 12-24 months to reassess the implementation of cash handling procedural improvements.

Purpose, Scope and Methodology

The Zoo serves approximately 1 million visitors per year with annual revenues exceeding \$5.8 million. Most of the revenue is earned from charges for admissions and passes. Minor amounts are earned from Zoo merchandise, (e.g., maps and "Zoo Doo") and funds are also collected on behalf of the Zoological Society. Over the past two years, audit staff have conducted planned and surprise visits to the Zoo to observe its cash handling systems during actual operations and to meet with Zoo officials to discuss processes and procedures. The goal for these visits and discussions was to identify process and procedural improvements that could further ensure that the City receives all due revenues and that all these revenues are deposited into the City account. In particular, we:

- 1) examined controls over the access to, and safeguarding of, cash receipts;
- 2) conducted a physical inspection of the facility's cashier area and the cash handling room;
- 3) interviewed cashiers and Admissions Unit employees and support staff; and
- 4) examined current documentation supporting cash handling policies and procedures.



Office of City Auditor, 1100 Municipal Building, 600 Fourth Avenue, Seattle, WA 98104-1876

Tel: (206) 233-3801, Fax: (206) 684-0900, TTY: (206) 233-0025,

E-Mail: auditor@ci.seattle.wa.us, Website: <http://www.pan.ci.seattle.wa.us/seattle/audit>

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We are pleased with the Zoo's improvements to its cash handling function. We believe the Zoo will face a major challenge in maintaining these improvements during the months of May and September when it receives the majority of its revenues.

Background

At the Zoo, incoming cash revenues are handled by the Admissions group within the Administrative Unit. Admissions employs one full-time supervisor assisted by three accounting technicians: two full-time and one part-time intermittent. Public cash handling is performed by one full-time head cashier and fourteen part-time intermittent cashiers. The cashiers are responsible for collecting fees at three gated entrances. The supervisor and accounting technicians are responsible for collecting cash from the gates, counting daily cash receipts, disbursing change to the gates, monitoring cashier activity, and making and balancing bank deposits.

Findings, Zoo's Response to Findings, and Office of City Auditor's Response

Finding #1: Strengthening Internal Controls

Office of City Auditor: While the Zoo has written cash handling policies and procedures for its employees, our office found that cashiers do not consistently comply with these policies. Internal controls guiding administrative operations needed to be strengthened as well. Given the large amount of cash obtained from daily Zoo admissions transactions, it was important that the Zoo promptly address weaknesses related to its internal cash handling practices in order to reduce the possibility of loss or theft.

Zoo Response: In terms of overall internal controls, adherence to established procedures and adequate supervision, the Zoo implemented a number of improvements and revisions. However, this is a complex seven-day a week and 9-10+ hour a day operation with limited full-time staffing. These full-time staff work staggered shifts and are responsible for a large, part-time seasonal work force assigned to several different geographical locations. Specifically, their duties include: complex and diverse levels of daily cash, sales, accounting and paper transactions. Management of this unit will continue to be a challenge to all levels of supervision.

The Admissions Supervisor developed a written weekly report to cover the primary activities and issues of concern to the Unit. To date this has proven to be an effective tool for proper adherence to procedures. This weekly report specifically documents the change fund counts, any actions regarding deposits

or need to open individual deposit bags, personnel issues/actions, key control updates, meetings, oversight of cashier activities and other operational or software/hardware issues. Changes to the content and format of this report will continue to be made as necessary to better reflect the information needs of the Unit.

Office of City Auditor Response: We concur with the Zoo's response.

Finding #2: Oversight Mechanisms and "General Procedures" for Properly Securing Excessive Amounts of Cash

Office of City Auditor Finding: Zoo cashier performance is documented through the Daily Cashier Reports and aggregated summary spreadsheets created by the Accounting Division. These documents provide the Zoo with a comprehensive view of the cashiers' daily performances. Upon reviewing these documents, we noticed the most common comments for cashiers centered on the need to make more cash drops. The repetition of this type of comment in the summaries between July and September 1999 indicates that the Admissions Unit policies have not been fully integrated into daily cashier activities.

During our review, cashiers at the three main entrances did not consistently follow the Zoo's procedures for properly securing excessive amounts of cash. Our review of the daily activity reports showed that some cashiers do not always make cash drops to keep the money in the cash drawers below the specified cash limit. Although their supervisors noted when cashiers fail to make necessary drops, we believe the repetition of these types of comments in the daily reports points to a need for Zoo management to take further steps to prevent these actions from reoccurring.

We recommend that the Admissions Unit use the Daily Cashier Reports summaries as a part of its oversight and performance evaluation of Zoo cashiers. These documents can be enhanced by including closing amounts for Daily Cashier Reports and a column that summarizes follow up by supervisors. We also recommend that the Zoo work to increase compliance with cash drop requirements in order to decrease the risks associated with cashiers storing large amounts of cash in their respective tills. By consistently using existing internal reports such as the Daily Cashier Activity Report and summaries, the Admissions Unit can monitor the cashiers' performance and take follow up action when necessary. During periods in which the Zoo experiences a high level of admissions transactions, the Admissions Unit should work with cashiers to facilitate timely transfer of excessive funds into safes

Zoo Response: The newly developed written weekly report lists areas of concern and any instances of cashiers not making proper or consistent cash drops. All incidents will be discussed at cashiers meetings or with individual employees privately as necessary. In addition, a checklist regarding all critical procedures and expectations is being developed and will be signed by all

cashiers. At the same time, supervisors will increase reinforcement and follow-up on the Daily Cashier Activity Reports. Where possible, office staff will assist with transfer of funds to safes during high traffic times, but this will not always be possible due to limited available staff. Also it can only take a very short time for cashiers to collect very large amounts of cash so timely drops will always be somewhat of a challenge but overall improvements will be made

Office of City Auditor Response: The Office of City Auditor views the Zoo's creation of weekly written reports as an important step towards better ensuring that cashiers make proper and consistent cash drops. An important ingredient to the success of this will be the Zoo's ability to provide sufficient support to cashiers to facilitate timely drops. We encourage the Zoo to examine ways to support this function without compromising admission transactions.

Finding # 3: The Facility In Which The Safe Resides Is Accessible To Other Zoo Staff

Office of City Auditor Finding: During our visit we observed one cashier taking a break in the Admissions Unit trailer near the cash handling room. His presence raised the question of which employees have access to this sensitive area of the Zoo's cash handling operations.

We recommend that the Admissions Unit restrict access to the cash handling facility to essential employees. If cashiers or other Zoo employees need to enter the trailer, they should not be granted access to the cash handling room.

Zoo Response: The door between the Cash Counting area and the staff area is closed and secure and access is restricted to only the limited few staff that are scheduled to work there. In addition to the peephole in the door it is planned to install an intercom between the rooms to further limit the need to open the door for routine inquiries.

Office of City Auditor Response: We concur with the Zoo's response.

Finding #4: Change Fund Amounts

Office of City Auditor Finding: Due to the high rate of admissions transactions at the Zoo, the Admissions Unit has a change fund of \$12,010 on site. We found that during June through August 1999, there were periods as long as two and one half weeks in which the change fund was not physically counted by Zoo staff to confirm the total amount. During November 1999, internal records indicate that the change fund cash counts occurred on an average of every nine days.

We recommend that the Admissions Unit count the change fund frequently to ensure accountability over funds. In addition, shorter time lags between change fund cash counts reduce the risk of theft or delay in accounting for deviations from the specified change fund amount.

Zoo Response: The counting of the change fund is now done weekly and documented on the weekly written admissions report that is submitted weekly to management.

Office of City Auditor Response: We concur with the Zoo's response.

Finding #5: The Safe Combination

Office of City Auditor Finding: Within the past two years, two Admissions Unit office employees resigned from their positions. These employees knew the safe combination at the time of their employment. However, the safe combination was not changed after the two employees resigned.

We recommend that the Zoo change the safe combination to increase security to the change fund. In addition, the Zoo should change the combination whenever personnel who know the combination vacate their positions.

Zoo Response: The combinations have been changed since the last staff resignation and will be done again if and when staff leave and also on a periodic basis. This is also an item that is documented on the weekly report.

Office of City Auditor Response: We concur with the Zoo's response.

Finding #6: The Deposit Bags Verification Process

Office of City Auditor Finding: During our review of Admissions Unit operations, we discovered some instances in which deposit bags were opened for reconciliation purposes with only one staff member present. This increases the risk that all City revenues are not properly recorded and accounted for.

We recommend that at least two staff members be present when deposit bags are opened.

Zoo Response: Every effort is made to have more than one staff member present when bags sometimes need to be opened. However, on limited occasions, only one staff is on-duty so this is not always possible. In the event this happens, the reason and other relevant details are documented on the weekly report.

Office of City Auditor Response: We believe that permitting one staff member to open and verify deposit bags is not prudent because it decreases accountability for properly recording revenue. We urge the Zoo to establish and enforce a policy that requires two people to be present whenever deposit bags are opened

Finding #7: Comprehensive Internal Key Log

Office of City Auditor Finding: After our September 1998 visit to the Zoo, the Zoo created an internal key log for employees in the Admissions Unit. We see this as an important step in maintaining control over, and limiting access to, sensitive cash handling areas. However, the internal key log does not account for short-term key loans for temporary employees nor does it document the total inventory of keys for the cash handling room. We learned that the City of Seattle's Parks and Recreation Department gives discretion to the Zoo to create and maintain a separate key inventory for sensitive areas within the facility. During our review, we were unable to locate the total inventory of keys for the cash counting room.

We recommend that the Admissions Unit update its internal key log every time there is a staff change and document short-term key loans to temporary employees. This procedure would resolve any doubt over the total number of keys in circulation. Also, we recommend that the Admissions Unit consider changing the lock on the cash counting room door.

Zoo Response: The key log has been brought up to date, all critical locks have been changed and documentation of key log updates is part of the newly developed Admissions Weekly Report.

Office of City Auditor Response: We concur with the Zoo's response.